

MICHIGAN JOBS COMMISSION

PUBLIC ACT 306 OF 1998

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	FY 1997-98 YEAR-TO-DATE APPROPRIATIONS	FY 1998-99 ENACTED APPROPRIATION	FY 1998-99 ENACTED CHANGE FROM FY 1997-98	
			AMOUNT	PERCENT
FTE POSITIONS	1,702.2	1,316.0	(386.2)	(22.7)
GROSS	\$562,187,400	\$565,033,400	2,846,000	0.5
IDG/IDT	1,147,000	1,147,000	0	0.0
ADJUSTED GROSS	\$561,040,400	\$563,886,400	2,846,000	0.5
FEDERAL	426,153,200	436,587,600	10,434,400	2.4
LOCAL	12,561,400	10,867,900	(1,693,500)	(13.5)
PRIVATE	3,980,600	3,002,000	(978,600)	(24.6)
OTHER	4,979,000	4,909,100	(69,900)	(1.4)
GF/GP	\$113,366,200	\$108,519,800	(4,846,400)	(4.3)

NOTE: FY 1997-98 appropriation figures reflect funding and FTE decreases related to the transfer of the Unemployment Agency to the Department of Consumer and Industry Services pursuant to Executive Order 1997-12.

HB 5592

Referred to
Appropriations
02/19/98

Passed House
04/30/98

Passed Senate
05/27/98

Conference
Approved by House
07/01/98

Conference
Approved by Senate
07/01/98

Effective
07/29/98

OVERVIEW - MICHIGAN JOBS COMMISSION

The Michigan Jobs Commission (MJC) was established by Executive Orders 1993-2, 1993-3 and 1993-4, and was made a department by Executive Order 1994-26. It now functions as the primary department responsible for economic development programs, including job training and business promotion activities. The MJC is funded as a distinct department in the regulatory budget bill, which also provides funding for the Department of Consumer and Industry Services.

The FY 1998-99 budget provides an increase of 0.5% above FY 1997-98 appropriations. The growth reflects adjustments to FY 1997-98 appropriations to reflect the transfer of \$83.8 million and 1,524 FTEs appropriated to the Michigan Employment Security Agency in FY 1997-98. Executive Order 1997-12 transferred the unemployment insurance component of MESA to the Department of Consumer and Industry Services and reorganized the remaining employment service programs into the Employment Service Agency. Related to this transfer, the enacted budget also eliminates various local and private funding sources no longer applicable given the agency's reorganization.

Major changes in the FY 1998-99 enacted budget include a \$550,000 GF/GP funding increase for the Michigan Promotion Program. The increase will allow for the expansion of Michigan tourism advertising campaigns in a number of major regional markets. Conversely, the Department's Economic Development Job Training grant program was cut by just over \$1.0 million in (GF/GP) to a FY 1998-99 appropriation of \$30.0 million. The chart following this Overview provides a brief history regarding appropriation trends for these two programs.

The budget also includes a \$1.0 million (GF/GP) funding increase to support the state's Centers for Independent Living, which assist handicapped individuals in maintaining independence and employability despite their handicaps. Appropriations for the state's 13 Welcome Centers are transferred back to the Michigan Department of Transportation after initially being transferred to the MJC for FY 1997-98. Along with the transfer, funding for the Welcome Centers reverts back to the State Trunkline Fund rather than using GF/GP revenue as in FY 1997-98. Finally, the enacted budget does not include \$346,000 in FY 1997-98 appropriations for the K.I. Sawyer Base Conversion Authority as the authority's statutory powers sunset at the end of FY 1997-98.

At the federal level, the Executive Budget contains an additional \$30.0 million in federal funding to implement the state's Welfare-to-Work grant from the U.S. Department of Labor. The federal grant itself makes up \$20.0 million of the increase, while an additional \$10.0 million in Temporary Assistance for Needy Families (TANF) funds is appropriated to replace GF/GP matching funds that were initially to be used for Work First grants. Federal spending authorization is also increased for the state's One Stop Career Center grants (\$5.0 million) and for employment and training services for Food Stamp recipients (\$8.3 million).

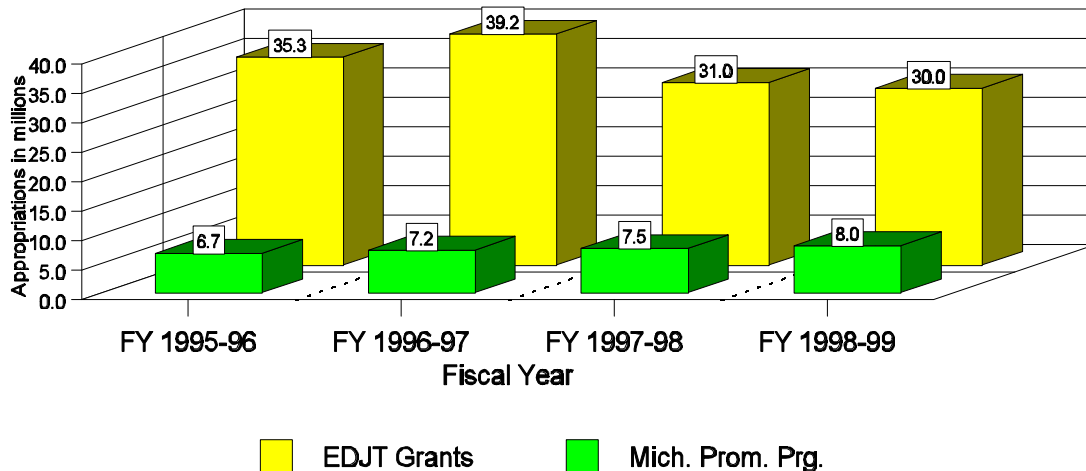
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MICHIGAN JOBS COMMISSION continued

Appropriations for FY 1997-98 are adjusted to include a negative supplemental appropriation of \$2.1 million contained in SB 928 (PA 272 of 1998) which adjusts appropriations for anticipated savings related to the revaluation of assets and revision of actuarial assumptions for the state's pension funds as well as a \$2.6 million supplemental appropriation for technology grants to Grand Rapids Community College and Ferris State University contained in SB 905 (PA 273 of 1998).

Four-Year Appropriations History

Michigan Promotion Program and EDJT Grants



MAJOR BUDGET CHANGES: FY 1998-99

Budget Issue

1. Michigan Promotion Program

The act includes a \$550,000 increase in GF/GP funding for the Michigan Promotion Program, which promotes Michigan as a tourist destination through direct advertising and other marketing efforts. The increase will allow for an expansion of advertising into other major regional markets, although it falls below the \$2.3 million increase initially proposed by the Governor. The program received an appropriation of \$7.5 million in FY 1997-98. The new funding represents a 7.3% increase over this level.

	Change from FY 1997-98
FTEs	0.0
Gross	\$550,000
GF/GP	\$550,000

MAJOR BUDGET CHANGES: FY 1998-99

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
2. Centers for Independent Living	FTEs	0.0
The enacted budget includes a \$1.0 million GF/GP increase to support and expand Centers for Independent Living across the state. These centers assist handicapped individuals in developing job skills and maintaining their personal independence. The increase represents a 92.8% increase in overall funding for this purpose and a 930.2% increase in GF/GP support, given that overall support was previously made up primarily of federal funds.	Gross	\$1,000,000
	GF/GP	\$1,000,000
3. Economic Development Job Training (EDJT) Grants	FTEs	0.0
Funding for EDJT grants was reduced by just over \$1.0 million (GF/GP) from FY 1997-98 appropriation levels — a 3.2% decrease. The total FY 1998-99 appropriation for these grants, which are used to support job training programs for growing Michigan businesses, is \$30.0 million.	Gross	(\$1,007,300)
	GF/GP	(\$1,007,300)
4. Transfer of Welcome Centers to MDOT	FTEs	(56.0)
The enacted budget incorporates the transfer of the 13 Michigan Welcome Centers to the Department of Transportation (MDOT). The centers had been transferred from MDOT to the MJC for FY 1997-98, with the operation of these centers funded using GF/GP revenue in the FY 1997-98 MJC budget. Appropriations for FY 1998-99 are again made in the MDOT budget from State Trunkline Fund revenue, as they had been prior to FY 1997-98.	Gross	(\$3,489,400)
	GF/GP	(\$3,489,400)
5. Federal Welfare-to-Work Grant	FTEs	0.0
The budget includes \$30.0 million in federal revenue linked to the U.S. Department of Labor's Welfare-to-Work grant to Michigan. The grant will provide \$20.0 million in federal funding to be used primarily on a state initiative to provide job placement assistance to non-custodial parents owing child support and whose dependents currently receive TANF support, and to certain recipients determined to be the most difficult to place in jobs. The remaining \$10.0 million in TANF funds will be used to replace GF/GP revenue previously earmarked for Work First grants but that is now being used to match the new federal grant funds.	Gross	\$30,000,000
	GF/GP	\$0
6. Employment and Training for Food Stamp Recipients	FTEs	0.0
The recent balanced budget agreement provides states with additional federal funding for employment and training services targeted at Food Stamp recipients. The new revenue comes from the U.S. Department of Agriculture and is split between the Welfare-to-Work programs line item (\$8.04 million) and Employment Training Services (\$0.25 million). FY 1997-98 appropriations for Welfare-to-Work programs were \$94.1 million.	Gross	\$8,290,000
	GF/GP	\$0

MAJOR BUDGET CHANGES: FY 1998-99

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
7. Enhanced Technical Vocational Program	FTEs	0.0
The enacted budget includes a transfer of \$4.0 million (Gross) in Temporary Assistance for Needy Families (TANF) funding from the Family Independence Agency for this program, which will provide technical/vocational training to welfare recipients. The funding is added to the Welfare-to-Work programs line item. FY 1997-98 appropriations for Welfare-to-Work programs were \$94.1 million.	Gross	\$4,000,000
	GF/GP	\$0
8. Elimination of K. I. Sawyer Base Conversion Authority	FTEs	0.0
FY 1997-98 funding appropriated to the authority is eliminated in the FY 1998-99 enacted budget. The law providing for the base authority expired at the end of FY 1997-98, although legislation that would extend the authority's existence is currently pending.	Gross	(\$346,700)
	GF/GP	(\$346,700)
9. One-Stop Career Center Grants	FTEs	0.0
The budget includes \$5.0 million (Gross) in federal funds to facilitate the development of One-Stop Career Centers under a U.S. Department of Labor grant. The funding will be used to continue the state's efforts to develop electronic links between the MJC, the local Workforce Development office, and local FIA offices that would assist these offices in providing coordinated job search and job placement services to a broad range of clients. The increase is split between line items for job training program subgrantees (\$4.43 million) and Employment Training and Services (\$0.57 million), which represents the administration of the program. FY 1997-98 appropriated funding for job training program subgrantees was \$115.0 million.	Gross	\$5,000,000
	GF/GP	\$0
10. Increase to Department Grant line items	FTEs	0.0
The "Personal Assistance Services" and "Pre-College Programs in Engineering and the Sciences" line items received increases of \$100,000 (GF/GP) and \$47,100 (GF/GP), respectively, in the enacted budget. These represent 33.3% and 10.4% increases to the respective programs from FY 1997-98 appropriation levels.	Gross	\$147,100
	GF/GP	\$147,100

ECONOMIC AND RETIREMENT ISSUES: FY 1998-99

ECONOMIC ISSUES

The enacted budget includes an overall net increase in economic adjustments of \$355,300 (Gross), including \$2.1 million in increases for salary, fringe benefits, and other economic factors less \$1.8 million in savings due to the proposal to revalue assets and revise actuarial assumptions for the state's pension funds. The salary/fringe increases include a 3.0% salary increase for the Department's nine unclassified positions, which represents \$20,200 in additional GF/GP funds within the total increase.

FTEs	0.0
Gross	\$355,300
GF/GP	\$156,000

RETIREMENT ISSUES

None

MAJOR BOILERPLATE CHANGES: FY 1998-99

1. **Employment Service Delivery**

Section 432 of the enacted budget caps administrative costs for employment service delivery through Michigan Works! agencies at 15% of the funding allocated to the agencies for this purpose.

2. **Employment Service Funding**

New Sec. 433 of the enacted budget requires that the Department use economic development job training grant funds and other funds to finance employment service allocations if U.S. Department of Labor funds are withheld by the federal government due to the current dispute regarding Michigan's restructured employment service delivery system.

3. **Enhanced Technical Vocational Training Program**

The enacted budget contains Sec. 440 which requires the department, in conjunction with the Family Independence Agency, to study and report on the effect of the Enhanced Vocational Technical Training program by March 1, 1999.

4. **Performance Measurement and Monitoring**

The enacted budget deletes Sec. 402 of FY 1997-98 boilerplate requiring the MJC to develop performance measures and monitoring techniques for each department program/office showing the impact of department programs and evaluating efficiency and effectiveness and to report on progress against these measures to the Legislature.

5. **Economic Development Job Training (EDJT)**

The budget eliminates a number of legislatively-imposed requirements concerning the content of applications for EDJT grants and the criteria for evaluating applications for EDJT grants that were contained in the FY 1997-98 appropriations act.

MAJOR BOILERPLATE CHANGES: FY 1998-99

6. *Economic Development Job Training Grants*

The FY 1998-99 appropriations act does not include the provisions of Sec. 434 of the FY 1997-98 appropriations act which provided that EDJT grants not be expended to train employees above first level management and who are employed by business organizations with gross annual revenues in excess of \$1.0 million. Instead, substitute language is included providing that funds not be provided to train officers of corporations with more than 250 employees.

7. *Reporting Methods for Work First Grants*

The budget includes new Sec. 448 requiring the Department to study the feasibility of an alternative approach to reporting data on Work First participants and, if feasible, to begin reporting data in this manner on an annual basis to the Legislature and to make the data available to the public.

VETOES: FY 1998-99

None

REVENUE INCREASES: FY 1998-99

None

SUPPLEMENTAL APPROPRIATIONS: FY 1997-98

1. *Pension Contribution Savings*

SB 928, enacted as PA 272 of 1998, contained a negative supplemental appropriation adjusting FY 1997-98 appropriation levels for expected savings related to the revaluation of assets and revision of actuarial assumptions for the state's pension funds. The action is expected to save the department approximately \$2.1 million in FY 1997-98 (\$866,500 in GF/GP).

FTEs	0.0
Gross	(\$2,092,000)
GF/GP	(\$866,500)

2. *Technology Grants*

SB 905, enacted as PA 273 of 1998, contained an appropriation of \$2.6 million for technology grants to Grand Rapids Community College and Ferris State University.

FTEs	0.0
Gross	\$2,600,000
GF/GP	\$2,600,000